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AN AMERICAN BANKER SPECIAL REPORT

Bank CEOs: The Work Is More Demanding than Ever

Highlights of the Survey

The *American Banker's* first national survey of bank chief executive officers found:

- The CEO has worked at his bank an average of 20.7 years.
- He has served in the top position for an average of 6.5 years.
- Almost one-third have worked in a business other than banking.
- Business, finance, and marketing are the most common undergraduate degrees, but 32.5% earned a liberal arts or humanities degree.
- The CEO's average work day is 10.4 hours.
- Three-fourths do work at home in the evening.
- Monday is the most productive work day, and Friday the least productive.
- Three-fourths work at least one Saturday a month, and 40% work at least one Sunday a month.
- Seven out of ten executives labeled their management styles as "participatory."
- Slightly more than two-thirds of the CEOs consider their job "very enjoyable," while the remainder call it "enjoyable."

By RICHARD RINGER
First of 2 Parts

In Texas there may be no job more challenging than steering a bank that is struggling to make a comeback.

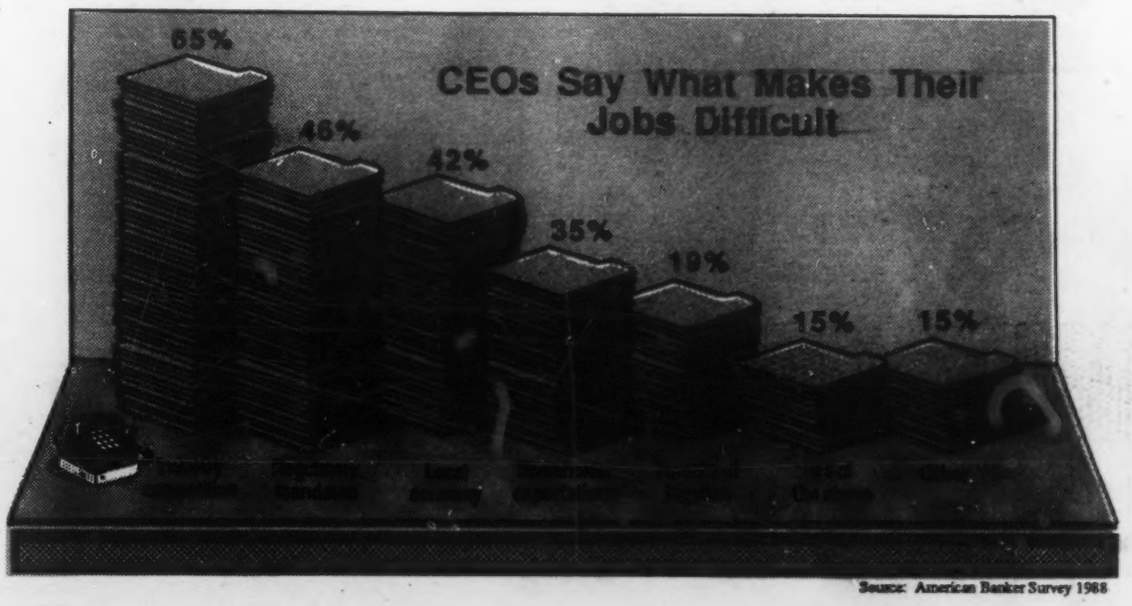
Friends advised Donald E. Powell not to risk his unblemished career by accepting an offer to become chief executive officer of First National Bank of Amarillo. They said the bank, which had $46.6 million in combined losses because of bad loans during three consecutive years beginning in 1984, could not be turned around.

THE CEO TODAY

"People [were] saying you can't do it," recalled Mr. Powell, who had climbed steadily up the corporate ranks through the bank's lending department. "But that's like telling the cowboy you can't ride the bull."

Ignoring the advice, Mr. Powell took the reins at First National in March 1987. That year, the bank earned $3.7 million. During the first six months of this year, the bank recorded a $1.5 million profit.

The turnaround was not easy. Mr. Powell had to purge the bank's agriculture and energy loan portfolio, which had caused many of the losses. He was forced to develop a bold, innovative strategic plan — one that previous management could not or would not develop. And he had to marshal a young staff to implement the plan, which included hard-to-swallow remedies such as staff cuts.



Source: American Banker Survey 1988

Such experiences are not unusual for bank chief executives. They are a new breed, guided by the same "I'll prove to you that I can do it" attitude of Mr. Powell, according to interviews with some of the nation's bankers and bank consultants.

The *American Banker* this summer sent questionnaires to chief executive officers of 125 of the 500 largest banks in the country. Forty CEOs, or 32%, returned the forms detailing what they think of their jobs and how their jobs have changed because of industry deregulation. Twelve of the 40 executives also agreed to participate in follow-up interviews.

Whether a rookie in the post, like the 47-year-old Mr. Powell, or a veteran, the chief executive is tested daily with decisions that hold the bank's — and his — future in the balance, based on

Please see REPORT: Page 4 ➤

MCorp Asks For Bailout From the FDIC

By STEVE KLINKERMAN
Southwest Bureau

DALLAS — Facing a possible $500 million third-quarter loss, MCorp on Friday requested a bailout from the Federal Deposit Insurance Corp. that industry sources say could cost more than $1 billion.

As previously reported, the Comptroller of the Currency completed an exhaustive audit of MCorp last week and is expected to demand a massive loan-loss provision that would compensate for further deterioration of the Dallas-based bank holding company's troubled real estate loan portfolio.

As of June 30, 22% of the company's $5.05 billion real estate loan portfolio was in some stage of default. The real estate troubles are symptoms of an economic collapse that has crippled most of the major banks and thrifts in the region and saddled MCorp with $1.8 billion of problem assets that amount to almost 14% of gross loans.

"The economic problems of Texas and the Southwest have caused the company to seek additional sources of capital to endure the depression that the region and its financial institutions have suffered the past several years," MCorp's prepared statement said.

The company is expected to announce preliminary third-quarter results early next week, following discussions with regulators about the findings

Please see MCORP: Page 3 ➤

Trade Groups Pay Handsome Salaries

By JIM McTAGUE
Washington Bureau

WASHINGTON — Steroids might make the difference in the gym, but in this town, it takes money to build political muscle.

By that measure, the heavyweights among trade groups wrestling over bank powers legislation are the National Association of Realtors, with annual revenue of $61 million, and the American Bankers Association, with $60 million in revenue.

The U.S. League of Savings Institutions, half the size of the two hulks, follows with $34.9 million in revenue.

These are some of the findings of an *American Banker* review of tax returns by 18 trade groups filed with the Internal Revenue Service.

Another finding: Donald G. Ogilvie, executive vice president of the American Bankers Association, earned $375,000 in 1987, the highest *reported* salary among top executives at the trade groups surveyed. Only three other executives earned $300,000 or more:

Donald G. Ogilvie
Executive Vice President
Salary: $375,000
American Bankers Association
Revenue: $60 million

- Edward I. O'Brien, president of the Securities Industry Association, at $360,000.
- Richard S. Schweiker, president of the American Council of Life Insurance, at $308,187.
- William B. O'Connell, president of the U.S. League of Savings Institutions, at $300,000.

The average salary in the survey was $208,000. That compares with an average of $119,000 for executives of not-for-profit corporations in general, according to a recent survey by Towers Perrin, a management consulting firm. Only two top executives in the financial trade groups surveyed had salaries of less than $100,000.

The survey also found that the American Bankers Association, now meeting in Hawaii, budgets the most money for conventions. According to the IRS data, the ABA convention and meetings budget is about $6 million.

Realtors Top Payroll List

The Realtors ranked second in this category, earmarking $5.6 million for annual gatherings. The U.S. League placed third, spending $2.9 million. And the Mortgage Bankers Association of America ran a close fourth at $2.5 million.

A number of organizations balked at

Please see TRADE: Page 2 ➤

Play
T&Economy
It's **more**
than a game

How banks cut travel costs:
Special section begins on Page 9

How Much Do Leading Trade Chiefs Get Paid?

Donald G. Ogilvie
Executive Vice President
American Bankers Association
$375,000

Thomas Ashley
President
Association of Bank Holding Companies
$230,000

Kenneth A. Guenther
Executive Vice President
Independent Bankers Association of America
$130,000*

Edward I. O'Brien
President
Securities Industry Association
$360,000**

Kent W. Colton
Executive Vice President
National Association of Home Builders
$209,942**

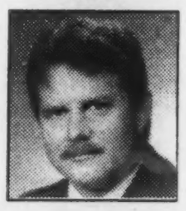
Joe Belew
President
Consumer Bankers Association
$111,700

Richard S. Schweiker
President
American Council of Life Insurance
$308,187*

Ralph Swoboda
President
Credit Union National Association
$178,936*

Richard L. DeCair
Executive Director
Bank Capital Markets Association
$109,000*

William O'Connell
President
U.S. League of Savings Institutions
$300,000*

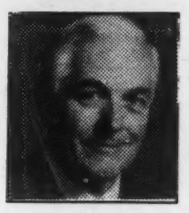


Samuel J. Baptista
President
Financial Services Council
$172,200*

Patrick A. Forte
President
Association of Thrift Holding Companies
$100,000*

Mark Riedy
President
National Council of Savings Institutions
$250,000

Robert B. Evans
President
American Financial Services Association
$172,115*



Kenneth L. Robinson
President
National Association of Federal Credit Unions
$80,000*

Salaries are as of 1988 unless otherwise noted. * Refers to salary based on 1987 IRS reports. ** Refers to salary based on 1986 IRS reports.
Source: Internal Revenue Service, trade associations.

Trade Groups Pay Handsome Salaries

► Continued from Page 1

providing the documents, and most others provided forms that lacked information — especially salary data.

A recent study by the General Accounting Office, an arm of Congress, found that 48% of returns filed with the IRS by tax-exempt organizations lack the required data.

By Washington standards, the trade executives cited in the survey are handsomely compensated. Congressmen earn $89,500 a year. Alan Greenspan, chairman of the Federal Reserve makes the same, and other board members are paid $82,000. That's only $2,000 more than the lowest-paid trade executive in the survey.

Recall the stir in Congress when it was disclosed that Roslyn B. Payne, the former president of the Federal Asset Disposition Association, earned $250,000 a year. House Banking Committee Chairman Fernand J. St Germain called the association a "fat cat agency." Ms. Payne's successor, Gerald Carmen, receives $100,000 a year.

Nevertheless, trade groups are big business in Washington. A recent survey found they are the capital's third largest industry behind government and tourism. Not surprisingly, the groups in the survey had hefty payrolls for employees other than officers and directors.

The Realtors ranked first in this category with a 1986 payroll of $19.83 million. That amounted to 33% of its revenues.

Next largest was the ABA 1987 payroll of $14.08 million — 23% of its revenues.

Total payrolls at other organizations: the U.S. League, $11.21 million or 31% of revenues for 1987; the American Council of Life Insurance, $11.24 million or 39% of revenues for 1987; the Mortgage Bankers Association, $6.17 million or 25% of revenues as of August 1987; the National Association of Home Builders, $7.98 million or 35% of revenues as of March 1987.

Also, the Credit Union National Association, $5.11 million or 26% of revenues for 1987; the Securities Industry Association, $3.73 million or 31% of revenues for 1987; the National Council of Savings Institutions, $3.01 million or 31% of revenues for 1987; the Independent Insurance Agents of America, $1.34 million or 14% of revenues for 1986; the American Financial Services Association, $1.21 million or 34% of revenues for 1987.

> A number of organizations balked at providing the documents, and most others provided forms that lacked information — especially salary data.

Also, the National Association of Federal Credit Unions, $985,256 or 36% of revenues for 1987; the Consumer Bankers Association, $533,211 or 22% of revenues as of September 1987; the Financial Services Council, $235,290 or 39% of revenues for 1987; and the Association of Thrift Holding Companies, $142,811 or 45% of revenues for 1987.

Most organizations initially refused to disclose any salary data to the American Banker. In the majority of cases, the organizations were unaware of a 1986 law that requires tax-exempt organizations to keep copies of their returns, beginning with 1987, on file at their headquarters and any regional office with more than three employees.

The Mortgage Bankers Association of America, the National Association of Realtors, and the Independent Insurance Agents of America declined to reveal salary data even after being apprised of the law. They said their reading of the statute did not require them to disclose the requested data.

The ABA disclosed Mr. Ogilvie's salary but declined to reveal compensation for other employees.

The Realtors group said it voluntarily released 1986 revenues, but not salaries. It has not filed a return yet for fiscal 1987. The group said it did not have to disclose 1986 salary data because the new law applies only to 1987 returns.

Please see TRADE: Page 6 ►

A Look at Trade Groups' Income

Trade Group	Revenues	Dues
American Bankers Association[1]	$60,273,664	$22,059,263
American Council of Life Insurance	27,951,354	24,492,160
American Financial Services Association	3,518,245	2,112,963
Association of Bank Holding Companies	1,342,446	1,159,400
Association of Thrift Holding Companies	314,938	304,000
Bank Capital Markets Association	1,922,803	1,250,900
Consumer Bankers Association[2]	2,435,600	917,065
Credit Union National Association	18,833,564	6,110,551
Financial Services Council	601,302	578,750
Independent Bankers Association of America	5,213,892	2,690,228
Independent Insurance Agents of America[2]	9,669,561	3,062,947
Mortgage Bankers Association of America	24,254,527	5,840,744
National Association of Federal Credit Unions	2,732,546	1,801,800
National Association of Home Builders[2]	23,210,941	9,745,097
National Association of Realtors	61,102,958	36,975,169
National Council of Savings Institutions	9,687,043	4,031,247
Securities Industry Association[2]	12,214,660	8,406,346
U.S. League of Savings Institutions	34,866,115	15,107,487

Source: 1987 filings by trade groups with the Internal Revenue Service unless otherwise noted
[1]Based on 1987 annual report
[2]Based on 1986 IRS filings

FSLIC Measure Lacks Major House Support

By JIM McTAGUE
Washington Bureau

WASHINGTON — A bill to raise an additional $5 billion from the thrift industry for the insolvent Federal Savings and Loan Insurance Corp. will face an uphill battle in the House this week.

Staff sources said that the proponents of the measure lack majority support, due in no small part to an all-out assault by the U.S. League of Savings Institutions.

Even if the bill clears the House by Friday, the day the 100th Congress is set to adjourn, chances are slim the measure will make it through the Senate.

A key staffer on that side of the aisle said many senators view the legislation as an eleventh-hour attempt at saving face before the thrift crisis and Congress' failure to address the issue adequately become red-hot political issues.

The league sent Mailgrams last week to its 3,000-plus members, asking them to call their congressmen and urge defeat of the bill. It cleared the House Banking Committee last week by a 28-23 vote.

The league's Mailgram said the bill — which would allow the FSLIC to raise the money by issuing bonds — would saddle the healthy segment of the thrift industry with "a crushing debt service." Some thrifts would be driven into insolvency, the Mailgram warned.

The Mailgram left the impression the bill was on the congressional fast track. But staffers said it would have to get on the fast track to become law by Friday.

League spokesman Mark Clark characterized the bill as an attempt to get around the proposed national deposit insurance commission that Congress is apt to endorse before it goes home. He said the commission should be permitted to study the FSLIC crisis before Congress begins prescribing cures.

Supporters of the bill are expected to go to the House Rules Committee on Tuesday or Wednesday in an attempt to bring the bill to the floor for a full vote.

Rules Change Overruled

An attempt to get those rules suspended for the bill last week was aborted because supporters did not have the required two-thirds vote.

One staffer said several Republican members of the Banking Committee who supported the bill indicated they would not vote to waive the rules. This change of heart came on the heels of a tremendous lobbying effort by the Texas League of Savings Institutions and the Federal Home Loan Bank of Dallas, the staffer said.

A bill to recapitalize the FSLIC, passed in 1987, provided the agency with the authority to borrow $10.8 billion — an amount now deemed sorely inadequate.

The administration pushed for $15 billion in bonding authority for the agency, but the league convinced Congress that amount was excessive.

House members influenced by the league voted for $5 billion for the FSLIC; the Senate voted for $7.5 billion.

After the administration threatened to veto the measure, Congress approved a $10.8 billion recapitalization package.

The bill, introduced by Rep. John J. LaFalce, D-N.Y., would also free the FSLIC from the current limit of using no more than $3.75 billion of its bor-

Please see FSLIC: Page 23 ►

Trade Groups Pay Handsome Salaries

► Continued from Page 2

The *American Banker* has asked the IRS to release information for the groups that refused to comply voluntarily. The IRS is researching the filings and said it will release what information it has.

The IRS instructs organizations to list officers, directors, trustees, and "other persons having responsibilities or powers similar to those of officers, directors, or trustees." Any compensation to these persons also must be listed.

The law permits the IRS to levy fines against organizations that refuse to comply with the new law.

Because of increasing complaints from the public, the IRS is considering issuing new reporting guidelines to tax-exempt organizations, said spokesman Steve Pyrek. "It's new territory for organizations to have their returns available for inspection at their places of business," Mr. Pyrek said.

Several groups approached for this study had not filed yet for 1987. The Investment Company Institute said its fiscal year has just ended. A spokeswoman said the organization will comply with the law when it files its 1987 return but reneged on an earlier promise to provide information for this story.

Monday: A look at the financial statements of the American Bankers Association.

Strategic Dates

Jan. 1, 1989

CURBS LIFTED: Ownerships curbs on Freddie Mac stock expire today.

AN AMERICAN BANKER SPECIAL REPORT

► Continued from Page 5

to 12 hours, according to the survey. He sacrifices nights, weekends, and time with his family.

The chief executive's world is jammed with deadlines, pressures, frustrations, and challenges. Planning, compromise, and sacrifices are needed to cope with them. "There's always something that's a critical issue" facing the CEO, said Mr. Piper of NBD Genessee Bank.

"But that's the CEO's responsibility. You have to say to yourself that is part of what you look forward to. It's a challenge. That's why you're here."

On Monday, the *American Banker* Special Report continues with a look at what makes CEOs' jobs most difficult, their attitudes on the creation of a single federal regulatory agency, and the businesses they would most like to enter.

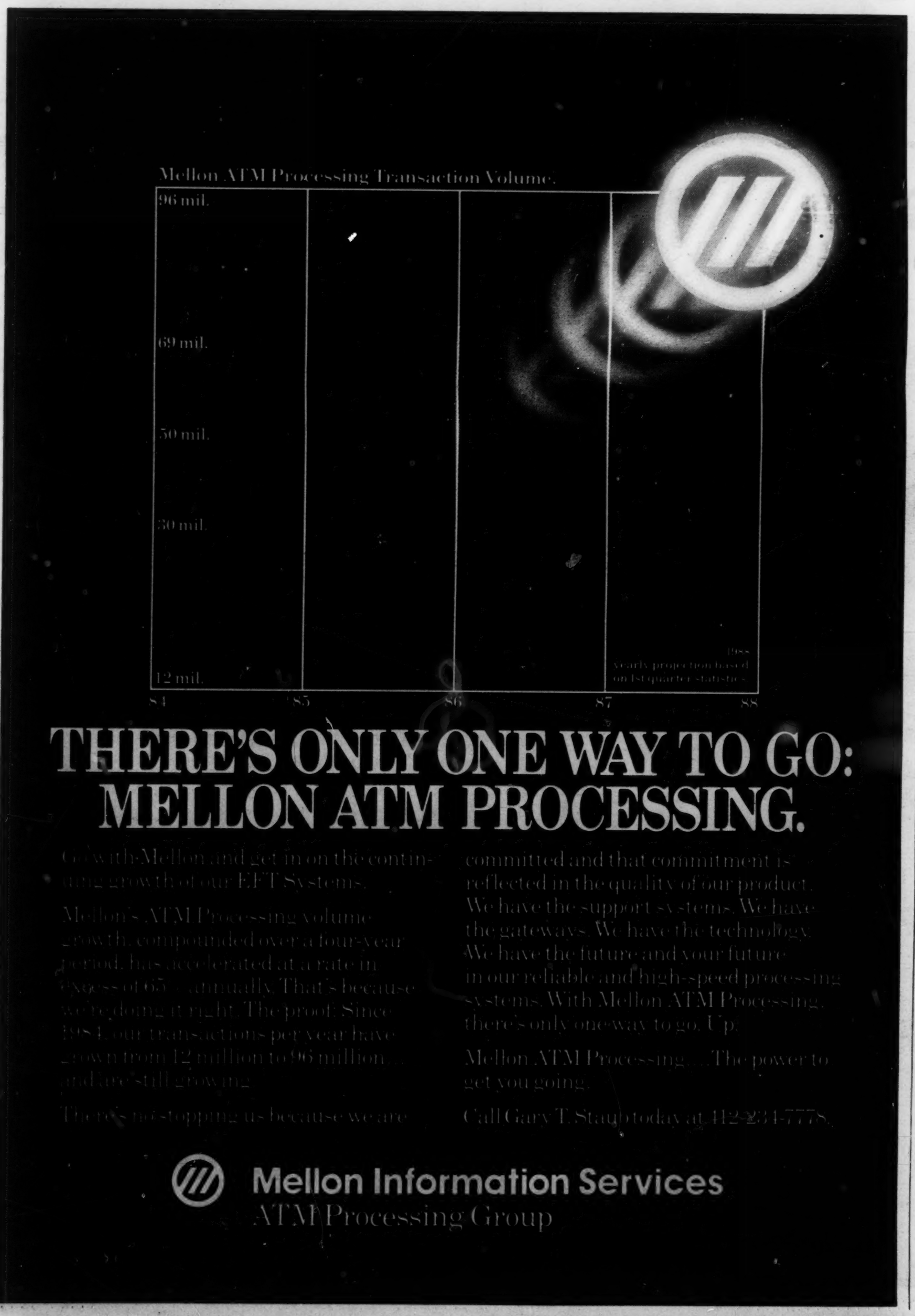
How the Survey Was Conducted

The *American Banker* survey is based on a questionnaire mailed in July to the chief executive officers of 125 of the 500 banks with the most assets as of Dec. 31, 1987. The banks were selected by picking the first 125 numbers, in a universe of 500, as listed on a random digits table.

The eligible banks ranged from the $154.6 billion-asset Citibank, New York, to the $585.9 million-asset Barnett Bank of Manatee County, Bradenton, Fla.

CEOs at 40 of the 125 banks completed and returned questionnaires, for a response rate of 32%. The rate is sufficiently valid for identifying trends among the sample group. All responses were anonymous.

In addition to completing the questionnaire, 12 of the 40 CEOs agreed to participate in follow-up interviews. Telephone interviews with that group were completed in September. ■


Mellon ATM Processing Transaction Volume
96 mil.
69 mil.
50 mil.
30 mil.
12 mil.
1988 Yearly projection based on 1st quarter statistics
84
85
86
87
88
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